



Director of
Intelligence

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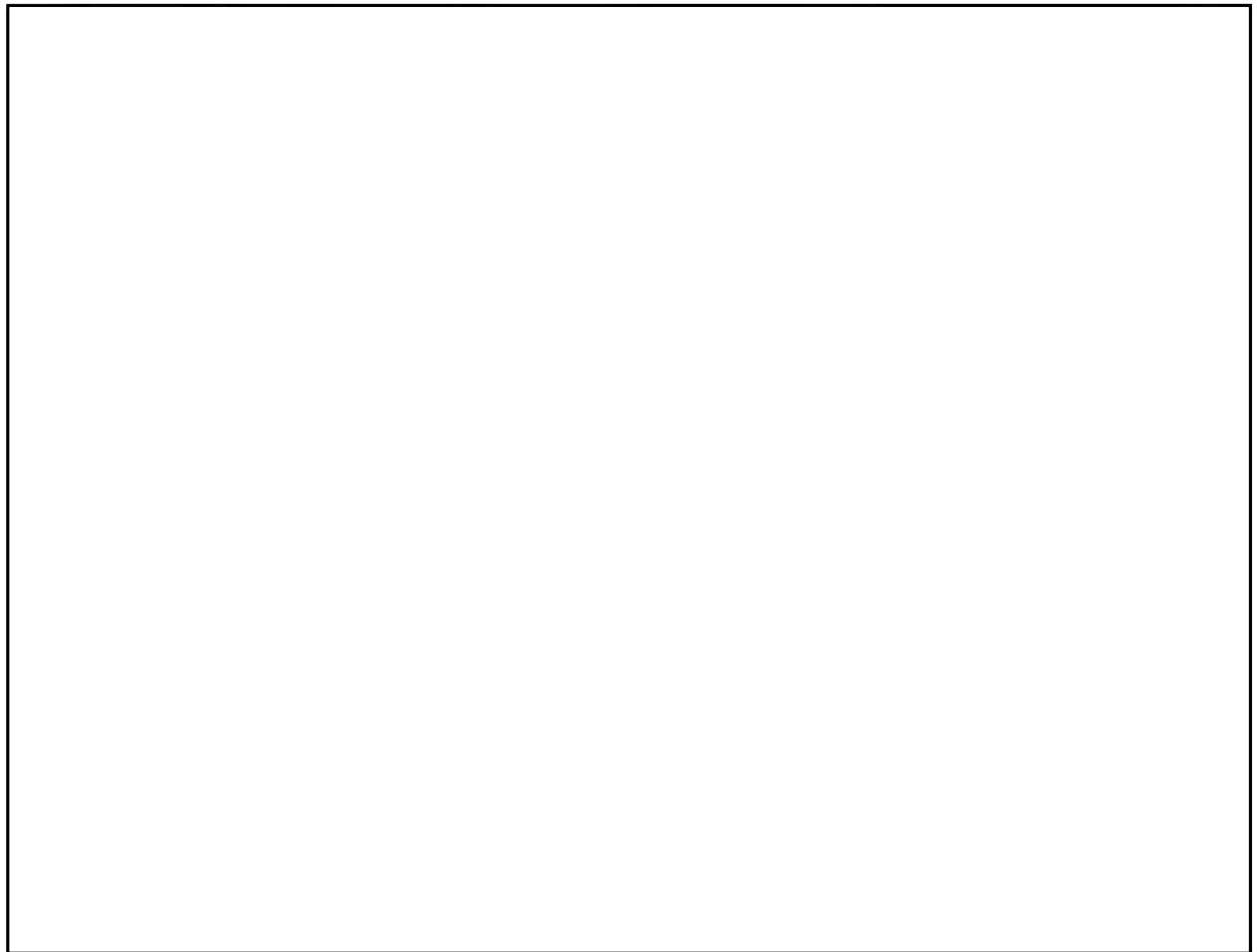
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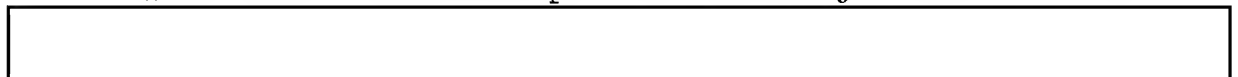
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Special Analyses

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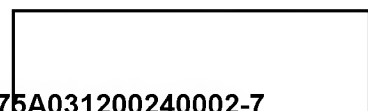
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Overnight Reports 19

The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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SPECIAL ANALYSES

WEST BANK - GAZA STRIP: The Autonomy Issue

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Negotiations to establish a self-governing authority for the West Bank and Gaza Strip are to begin within one month of formal ratification of the Egyptian-Israeli peace treaty. Egypt and Jordan--if Amman accepts an invitation to participate--will be allowed to include Palestinians from the West Bank and Gaza in their delegations. Various factors are likely to inhibit meaningful Palestinian participation.

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Success of pending negotiations to establish West Bank - Gaza Strip self-government depends largely on getting credible Palestinian negotiators to the bargaining table. Because West Bankers and Gazans tend to look to the Palestine Liberation Organization as their political representative, meaningful Palestinian participation is unlikely without its active or tacit approval.

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At best, interested local leaders would press the PLO to allow participation in the negotiations. To do this, West Bankers and Gazans probably would need convincing evidence that Israel is prepared to make significant concessions on one or more critical issues, such as local control over water rights and state lands and an end to Israeli settlement activity.

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Background

West Bank and Gaza politics are fragmented; the two areas lack parties, organized interest groups, or leaders who have an area-wide following. This lack of cohesiveness results from economic and political changes over the past 50 years that have eroded the authority of the landowning families--known as notables--on whom past occupying powers, the Ottomans, British, and Jordanians on the West Bank and the Egyptians in Gaza, relied to maintain order.

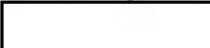
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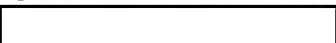
The notables' identification with the interests of the occupying powers--since 1967 the Israelis--have made suspect their credentials as Palestinian nationalists. Economic changes, primarily employment opportunities in Israel, have undermined the notables' economic leverage. The notables moreover no longer control much patronage, which now is in the hands of the bureaucracy. 

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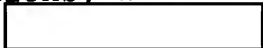
None of the political groupings that do exist is willing to act as regional spokesman without prior PLO approval. On the West Bank political parties have been banned for over 20 years, initially by Jordan and now by Israel, trade unions are under tight rein, and Israel has blocked the emergence of a Palestinian leadership group. 

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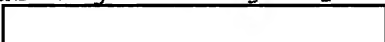
The West Bank

In addition to the notables, three local groups compete for influence on the West Bank: the elected mayors, various professionals, and activist students. Each of these groups has a narrow constituency. None can claim to speak for the West Bank. Even if there are individuals willing to join the peace process within any of those groups they probably could not command a significant following, and most Palestinians would disavow the results of the negotiations. 

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The mayors, many of whom won office with PLO backing in the 1976 municipal elections, are reluctant to get involved with negotiations. They maintain that they have a mandate only for local affairs. Some have privately expressed an interest in the negotiations, but almost all are afraid to challenge the PLO. 

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The West Bank's professionals--doctors, lawyers, and teachers are strong PLO supporters. Their political effectiveness, however, is undermined by lack of a significant following. While individuals have expressed interest in autonomy issues, as organized groups the professionals defer to the PLO. 

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Students at the West Bank's three four-year universities and numerous high schools are stridently pro-PLO


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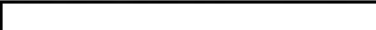


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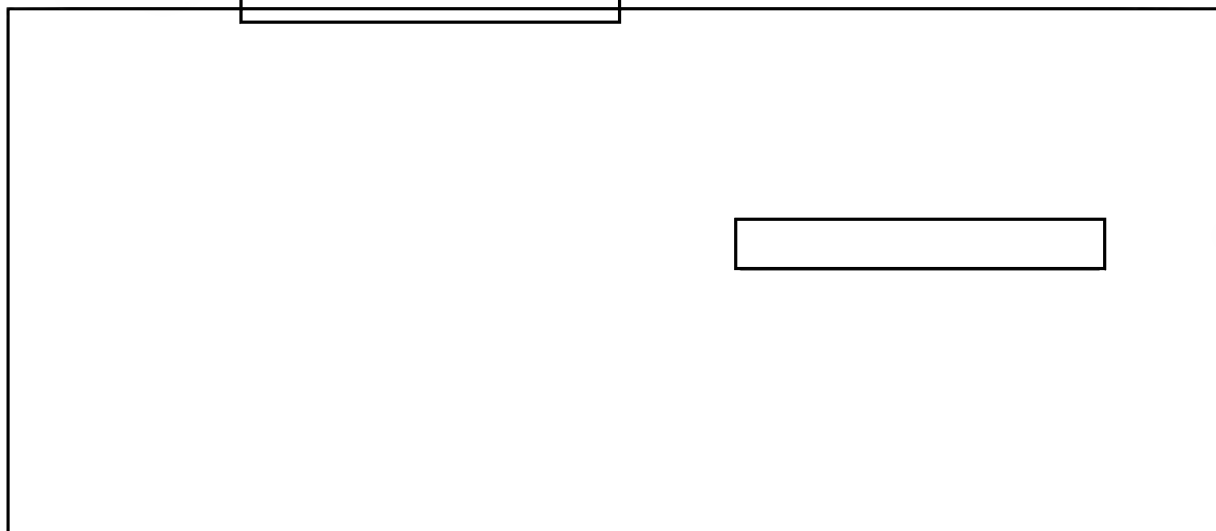
and better organized than other groups in the area. Their radicalism inhibits area moderates, who are reluctant to confront them. 

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Gaza Politics

A similar but less advanced competition between traditional and more modern political forces is under way in Gaza. The traditional elite is tempted by the idea of autonomy, but it is shackled by overwhelming support for the PLO among Gaza's more than 300,000 Palestinian refugees, probably 80 percent of the strip's population. It is unlikely that an effective autonomy regime could be formed there without the refugees cooperation. 



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Jordan's Position

 many of the West Bank's traditional leaders, look for their lead to Jordan's King Hussein. The King has no intention at present of lending any support to Sadat's negotiation policy. Despite his concern over a further deterioration of relations with the US and the weakening of Arab moderates should Egypt be subjected to tough sanctions, Hussein believes that he must align himself with the anti-Sadat Arab consensus. He thinks that to do otherwise would court disaster given predictably harsh opposition from the PLO, Syria, Iraq, and much of the rest of the Arab world. 

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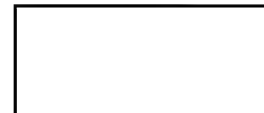
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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

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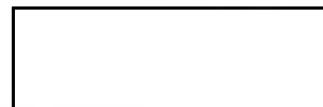


Tunisia

President Bourguiba, age 77 and ailing for several years, yesterday entered a military hospital in Tunis. A terse bulletin issued by the attending physicians said Bourguiba was hospitalized so they could conduct a check-up and "balance his treatment." 

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Panama-US

The US Embassy in Panama reported yesterday that last week's vote by a House of Representatives committee to halve the US foreign military sales credit to Panama, allegedly on human rights grounds, has led senior Panamanian Government officials to react with cynicism and disappointment. The vote has not received much publicity in Panama, but the Embassy cautions that similar action by the full House would probably raise a storm of protest and create "serious problems" for the US in Panama. The Embassy expects the Government would lead the outcry, since it would not wish to leave the opposition an open field for criticism. [REDACTED]

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Romania

The US Embassy in Bucharest reported yesterday that senior Romanian officials told a visiting Japanese delegation Monday that Prime Minister Manescu would be replaced this week by his deputy, Ilie Verdet. Manescu has not been seen at protocol functions recently, and the Embassy suspects he has suffered a recurrence of his serious kidney ailment. The Romanian parliament convenes Friday, and the formal change in the head of government could be made at that time. [REDACTED]

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Portugal

President Eanes, just returned from a trip to Eastern Europe, met for five hours last night with Prime Minister Mota Pinto on the consequences of last week's narrow defeat in Parliament of the budget proposed by the nonparty government. Mota Pinto told reporters after the meeting that Eanes had declined his offer to resign and had given a complete endorsement to government policies. The Prime Minister said he would not reshuffle the cabinet and would submit a new budget only slightly altered from the rejected one. [REDACTED]

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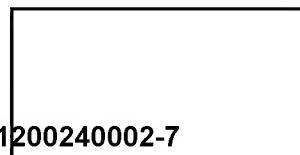
China-USSR

The New China News Agency has reported the conclusion yesterday of the more than month-long 21st convocation of the Sino-Soviet boundary rivers navigation commission at Blagoveshchensk in the USSR. The press statement said the two sides had discussed "existing business problems" in navigation of the waterways and had reached "agreements on several questions," including a decision to meet again in China at a date yet to be determined.

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